CONSOCIATIONAL SECURITY: AVOIDING THE STRUGGLE FOR MASTERY IN ASIA

ESSAY

AMITAV Acharya · AMERICAN UNIVERSITY

ABSTRACT

This essay argues that the key to understanding the impact of China’s rise on Asia’s security is not to view it as a simple change in the balance of power. China’s rise comes on the backdrop of major changes to the economic, political, and institutional context of Asia. These changes include ever more complex and growing webs of economic links, democratic transitions in China’s neighborhood, and the emergence of new institutions and frameworks of regional cooperation. These changes, which I call Asia’s ‘paradigm shift,’ ensure that the rise of China will itself be shaped by Asian security instead of reshaping it. Those who argue that Asia’s future might resemble Europe’s past (e.g. rise of Germany and two world wars) take a simplistic view. Instead of replicating European anarchy or a return to a Sino-centric system, Asia’s emerging security order is better understood as a Consociational Security Order (CSO) shaped by multiple and cross-cutting stabilizing factors such as defensive balancing, interdependence, institutions, and norms. Such an order does not preclude small-scale conflicts but discourages a system-destroying war.

INTRODUCTION

Twenty-first century Asia’s number one security challenge is how to deal with China’s rise without replicating Europe’s catastrophic twentieth century conflicts. China, Asia’s largest country in size and population, is also its biggest economy and military power. The current thinking on China’s rise focuses on three inter-related scenarios: the first sees a China that resembles the United States of the 19th century, pursuing regional expansionism as well as global hegemony; the second would be a return to a more benign China-centered tributary system in Asia where China maintains a framework for commerce and peace in the region; while the third sees a China that takes a path similar to that of Germany in the early 20th century, which led to great power competition in the region and to a global war.

However, the use of historical analogies can be decep-
tive unless one recognizes what has changed as much as what has not. Which of the scenarios is likely to materialize for Asia? Should we look beyond all of them? To answer, one has to look not just at how China is changing, but how Asia itself has changed since the end of World War II. What is happening in Asia today is not just a power shift, that is, a rising China and a declining America, but also a paradigm shift: from economic nationalism to economic internationalism, from bilateral alliances-based security to multilateral cooperative security, and from authoritarianism to democratization. These changes, though as of yet incomplete, hold the key to Asia’s prospects for moderating China’s rise and facilitating its peaceful engagement with its growing power.

HISTORY’S GHOSTS

Some observers of Asia believe that China could follow the route that America took to achieve a great power status a century-and-a-half ago. As a rising power, the US not only expanded within the North American continent, but also imposed a sphere of influence in Central America and the Caribbean. The US Monroe Doctrine denied these areas to European great powers, and limited the independence of its neighbors. Can China do likewise in Southeast Asia and Central Asia? Fears are growing of Chinese dominance in the South China Sea. America is concerned about the freedom of these critical sea-lanes. Yet, the conditions that allowed the US to be dominant in the regions under its influence are not found in Asia. No European power – Britain and France included – was in a position to challenge US expansionism. But a Chinese Monroe Doctrine for Asia would be vigorously resisted today not only by the US, but also by Japan and India.

A somewhat different scenario of Asia’s future is that it could revive its own past. That past harks back to the old tributary system that lasted for over a thousand years before the European colonial powers humiliated China in the eighteenth and nineteenth centuries. Under the tributary order, a powerful and prosperous China was the magnet for its neighboring countries’ trade, and hence, a key source of their prosperity. China also offered strategic protection to selected neighbors, and even policed the sea-lanes in the first half of the fifteenth century. Since China is once again powerful and prosperous, might Asia return to benign Chinese suzerainty? This scenario, which is believed in by many inside China and a few outside, is unlikely. The revival of the old tributary system is undercut by the influence of US, Japan, India, and Russia. A regional order based on Confucian notions of hierarchy and deference may appeal to some inside China, but is incompatible with Asia’s emphasis on sovereignty and equality.

That leaves the third, and in some respects the most dangerous scenario for Asia under the rising Chinese power. Is China today the Germany of the late-nineteenth and early-twentieth centuries? Many analysts believe that Asia’s future will resemble Europe’s past. These include not just Western pundits, but also Asian leaders. The Economist has noted that “disputes about clumps of rock could become as significant as the assassination of an archduke,” while referring to the China-Japan dispute over the Senkaku/Diaoyu Islands in the East China Sea and the assassination of the archduke of the Austro-Hungarian Empire in Sarajevo in 1914 that triggered World War I. Speaking at Davos in January 2014, the Japanese Prime Minister, Shinzo Abe, compared current China-Japan tensions with the German-British rivalry before World War I, implying that trade ties between two major powers are not sufficient to preclude the strategic rivalry leading to war.

Similar to the Europe of the past, Asia now has a number of major powers. Will the powerful combination of economic growth, military modernization, nationalism, and totalitarianism that took Germany on the road to expansion at the turn of the twentieth century be replicated in twenty-first century China? This view conveniently ignores that Germany’s rise occurred in an era marked by an “orgy of imperialism” among the great powers. This is not the case today. Moreover, as will be discussed shortly, the economic bonds in Asia today are deeper and more far-reaching than those in Europe before World War I. Today, trade joins financial flows and cross-border production networks, defying the rules of sovereignty and rendering the German parallel for China in Asia implausible.

In the society and politics of Europe in 1914, there was a strong and widely-held belief in the necessity of war for maintaining stability and the balance of power. War was deemed to be a natural condition and a necessary instrument of policy. As Bismarck put it in his famous “iron and blood” speech to the Prussian parliament in 1862, “After all, war is, properly speaking, the natural condition of humanity.” Today, our beliefs in the use of force are much more nuanced and selective, and Bismarck’s doctrine will have few adherents among policymakers in Asia or elsewhere.

Amitav Acharya is Professor of International Relations at American University, Washington, DC. His books include: Whose Ideas Matter? (Cornell 2009), The Making of Southeast Asia (Cornell 2013), Rethinking Power, Institutions and Ideas in World Politics (Routledge 2013) and The End of American World Order (Polity 2014). His articles have appeared in International Organization, International Security, International Studies Quarterly, Journal of Asian Studies and World Politics. He was awarded the Christensen Fellowship at Oxford University and the Nelson Mandela Visiting Professorship in International Relations at Rhodes University, South Africa. He is currently a Research Associate of the Center for International Studies at Oxford University and the President (2014-15) of the International Studies Association.

2 “Could Asia Really Go to War Over These?,” The Economist, September 22, 2012.
ASIA’S PARADIGM SHIFT

Pundits and policy makers often think of Asia’s changing security order as a power shift, but it is in reality a paradigm shift. The rise of China is clearly reshaping the balance of power in Asia and the world at large. However, Asia has also witnessed equally important and long-term changes to other drivers of security and stability. These changes, whose beginnings predate the rise of China, become clear by comparing Asia in the immediate aftermath of World War II and Asia today. Then, Asian security was shaped by economic nationalism, security bilateralism, and political authoritarianism. These have gradually given way to market liberalism and economic interdependence, security multilateralism (existing with US-centric bilateralism), and a growing, even if uncertain, democratic political pluralism. These developments challenge some of the most talked about scenarios of Asian security and raise a different possibility that invites serious consideration.

Compare the Asia of the 1950s and that of today. In the 1950s, Asia’s economies were more or less closed and tied less to each other than to those of their former colonial masters. National economic strategies stressed import-substitution over export promotion. Today, North Korea is the only country to stand isolated from the regional and global economy. Economic liberalism trumps economic nationalism and mercantilism throughout the region.

In the 1950s, Asia’s security and diplomatic relations were built around a “hub and spoke” system of bilateral alliances developed by the US with Japan, South Korea, Philippines, Thailand, and the trilateral alliance among the US, Australia, and New Zealand. The US attempt to build an Asian multilateral NATO, in the form of the Southeast Asia Treaty Organization (SEATO), was half-hearted and short-lived as it ran against nationalism in Asia. Today, Asia has a more complex security system. These old bilateral alliances have been joined by a number of multilateral groupings, including the ASEAN Regional Forum, the Asia Pacific Economic Cooperation, and the East Asia Summit. Both the US and China are members of these groups. Bilateralism and multilateralism exist side by side and complement each other and contribute to Asia’s new diplomacy.

Importantly, Asia is much more open today. Democracy is gaining over dictatorship. In the 1950s, most countries of East Asia, with the notable exception of Japan and India, were either under authoritarian or semi-authoritarian rulers. Today, the majority of Asian countries, with exceptions including China, North Korea, and Vietnam (and recently and hopefully temporarily, Thailand), are either democracies or are on the way to democratic rule. This is a huge transition that is often ignored by pundits of Asian geopolitics who hang onto the stereotypical image of oriental despotism.

AMERICA’S POWER AND PURPOSE

The US has historically been the key driver of the Asian balance of power. However, Asia’s power and paradigm shifts are producing a fundamental rethinking of US presence and policy in the region. The US is responding to the rise of China – or its power shift – with a “pivot” or “rebalancing” towards Asia. However, this rebalancing will be constrained and shaped by Asia’s paradigm shift – including its economic, political and diplomatic aspects. In reality, rebalancing amounts to little in terms of additional military resources or redeployments. A more significant change in US policy may be occurring thanks to its paradigm shift.

As noted, historically, the US security policy towards Asia was overwhelmingly based on its bilateral alliances in the region, known as the hub-and-spoke system. The US did little to encourage multilateralism in Asia, and its role in pro-
Promoting economic interdependence was limited to transpacific, rather than intra-Asian, trade. Its democracy promotion agenda was limited by the Cold War interest in supporting dictators. Yet, in twenty-first century Asia, the ability of the US to shape Asian security through its bilateral alliances will diminish. This is not due to the rise of China’s military alone, but also due to the Asian paradigm shift – the new realities of Asia, such as economic and diplomatic linkages within East Asia (rather than transpacific).

Partly in recognition of the new realities of Asia, the US is moving (and needs to move more), from a pure bilateral alliance-based posture to a more mixed approach that responds to the region’s growing interdependence and multilateral diplomacy. Its alliances with Japan, Korea, Philippines, Thailand, and Australia are becoming more multipurpose; instead of just countering China, they also provide avenues of dialogue and confidence-building, humanitarian assistance, counter-terrorism (where China is an ally), and capacity-building in both allied and non-allied countries. One consequence of the approach is that the US has less freedom to pursue a policy of unilateral or outright containment of China that would be opposed by many of its newer partners.

Hence, the “real rebalancing” that is occurring in the US policy towards Asia is based on the realization that in order to maintain its presence and have effective influence in the region, it has to pursue a more broad-based and inclusive approach, rather than a zero-sum strategic power balancing that was characteristic of its Cold War policy. Its role will not be based on a policy of preemptive containment, but on several pillars including, but going well beyond, a defensive network of alliances, participation in regional groups, policies to advance trade and investment within the region, and a soft, long-term approach to democracy-promotion.

CONSOCIATIONAL SECURITY ORDER

What sort of security order will Asia see in light of above changes and conditions? I do not argue that these changes will make war in Asia ‘unthinkable,’ but they have the potential to constrain power-maximizing behavior on the part of China on the one hand, and the extreme balancing/containment postures on the part of the US and its allies, on the other. Moreover, they would limit China’s capacity to develop and legitimize a Sino-centric regional order (whether coercive Monroe Doctrine-like, or a “benign” order similar to the old tributary system) and will prevent the development of a Sino-US duopoly or a multilateral Asian concert system dominated by the great powers while marginalizing its weaker states. The purpose of this essay is to sketch out such a possible regional order in Asia, which I call a consociational security order (CSO).

A CSO features unequal, culturally diverse but highly interdependent actors, and in which no single power achieves hegemony while stability is attained through both balancing and accommodation. Such an order is different from hegemony in which only one power calls the shots, and security management mechanisms, such as multilateral institutions, are created, maintained, and thoroughly dominated by the hegemon. It is also different from a concert of powers or a condominium of two great powers. These are principally arrangements in which great powers collectively assume the role of managing order to the exclusion of weaker states, which are thoroughly marginalized. In a CSO, on the contrary, major powers work with the weaker actors to manage order. It may be added that a CSO is also different from a community by lacking a sense of shared identity or feeling, while being constitutive of cultural diversity, state sovereignty, and national autonomy. A CSO, thus, represents a “mixed” approach to security order, where balancing and cooperative behavior exist side by side, offsetting each other and allowing the group to hold together to avert a system collapse. Hence, a consociational order, unlike a security community, does not eliminate competition and conflict, but it does inhibit actors from engaging in behavior that may lead to a system collapse. Competition becomes controlled, and outright war is avoided for the sake of common survival.

How does a CSO produce stability? A CSO rests on several conditions, but four are especially important. These cross-cutting conditions can be summed up as “interdependence,” “equilibrium,” “shared leadership institutions,” and “elite restraint.” They are briefly described below.

Interdependence

Europe at the onset of World War I and II was on a multipolar mode, whereas East Asia and the world in 2014 are on a multiplex mode. A multiplex world is quite different from the conventional European notion of multipolarity. Like a multiplex theatre, a multiplex world involves the supply of multiple scripts, actors, directors and producers under one large roof. It is characterized by multiple centers and layers of power and influence, in which the principal actors are bound by complex forms of interdependence. Dense economic ties are a key feature of this world. It may be mentioned in this regard that intra-East Asian trade today is higher than that in the NAFTA region (46%), and “very much comparable to intra-regional trade in the European Union before the 1992 Maastricht treaty.” Similarly, intra-Asian trade accounts for approximately 25% of Asia’s “total $6 trillion annual exports.” Some argue that economic interdependence among European powers did little to prevent World War I, but the nature of economic linkages today is more sweeping, multidimensional, and reciprocal than that before 1914. European economic interdependence in 1914 was narrow and regional; today’s interdependence is broader, deeper,

and global. Further, Asian interdependence today is driven not just by trade, but also by production networks, finance, and investments. US-China economic ties feature not only trade, but also the financial equivalent of the Mutual Assured Destruction (MAD) situation. Massive Chinese holdings of US treasury bonds (amounting to US$1.317 trillion in November 2013, or one-third of China’s total foreign exchange reserves) not only finances US debt, but ensures that their precipitate withdrawal by China will seriously devalue its own currency and wealth.

Furthermore, intra-European trade before 1914 was subject to the pressures of intense domestic economic nationalism. Today’s Asian interdependence is a subset of a much more open global economy. As historian Norman Stone points out in *Europe Transformed*, before World War I, while Germany depended on trade for about one-third of its GDP, it also faced serious tariffs from its competitors, and Germany itself imposed tariffs on others, which its parliament, driven by nationalism, refused to cut. Today, China depends on foreign trade for more than 60 percent of its GDP, hence disruption of its trade due to an all-out war would be much more damaging to it. China’s and Asia’s open economies face much greater barriers to protectionism, and are closely integrated into the global economy. Such interdependence creates much greater degree of mutual sensitivity and vulnerability, as we have found in successive economic crisis. It imposes heavier costs on war, even if it cannot prevent war completely.

Moreover, economic links in Asia have “moved beyond deepening intra-regional trade” and have “become more functionally integrative.” Transnational production networks in East Asia cover both inter-industry and intra-industry or intra-firm trade. Since the 1990s, China has joined Japan as another focal point of Asian regionalization, or what Nicholas Lardy has called a “regional integrator.” While Japanese FDI in the 1980s and 90s encouraged a vertical or hierarchical structure in regionalized production (the so called “flying geese”), with Japan producing the most advanced components, South Korea and Taiwan supplying intermediate components, and the ASEAN countries (except Singapore) producing lower-end parts and functioning as assembly sites, the production network emerging around China is more horizontal. Asian countries have set up currency swap arrangements under the Chiang Mai Initiative that now carries both bilateral and multilateral components: the former stood at US $ 90 billion in April 2009, while the latter, announced in 2010, amounts to US $ 120 billion.

Equilibrium

China poses the most powerful challenge to Asia’s balance of power, but despite its growing economy (likely to be number one in the world in the next decade) and military spending, the US remains and is likely to remain for a long time, the preeminent military player in Asia. While China’s naval build-up gives it an increasing capacity for denying the areas close to its shore to the US and its allies, any effort by it to dominate the sea-lanes of Asia and the Indian Ocean can be countered by the navies of the US in cooperation with Japan and India.

Further, the balancing between China and the US is consistent with defensive realism, rather than “offensive realism”, which would imply aggressive expansionism and power maximization by China and preemptive containment by the US. The US strategic concepts of “pivot” or “rebalancing” support this. In 2006, the US outlined a policy of “encouraging China to play a constructive, peaceful role in the Asia-Pacific region” while creating “prudent hedges against the possibility that cooperative approaches by themselves may fail to preclude future conflict.” Under “rebalancing”, the US navy would shift from a 50/50 percent split between the Pacific and the Atlantic to a 60/40 split, including relocating six aircraft carriers by 2020. The aim of rebalancing is to “maintain a nuanced balance” against China while averting “the potential for a… slippery slope toward growing confrontation with China.” While the new US strategy faces budgetary challenges, it also has significant bipartisan support.

Another factor in the balance of power has to do with nuclear weapons which did not exist in 1914. In fact, no weapon available in that period comes close to what we have had since 1945. Even a diehard pessimist would admit that nuclear weapons constitute a major new development in world politics since World War II, and are a factor in discouraging a great power war today. No amount of perfection in developing ballistic missile defence, or the sleekest doctrine of limited war, can alter this fact.

Shared Leadership Institutions

In 1914 there were very few institutions in Europe, not to mention the world at large, to manage conflict and control geopolitical competition. By the end of the nineteenth century, the European concert of powers created in the aftermath of the Napoleonic wars had withered away. In 2014, plenty of institutions are performing a wide variety of roles at both global and regional levels, including in Asia. Asian institutions are more informal and less willing to engage in mediation or regional conflicts. However, only a blindsided analyst would dismiss their impact in facilitating communication and creating normative barriers to the use of force.

Could China create and dominate a multilateral insti-
tution as a form of hegemony? The history of Asian regional interactions is littered with the failure of multilateral political-security institutions crafted by great powers. There has been no NATO in Asia. The Indian-inspired Asian Relations Organization in 1947, the US-led South East Asia Treaty Organization (SEATO) in the 1950s, and the Brezhnev Plan for an Asian Collective Security System in the 1970s, all faltered and withered away, leaving institution-building to ASEAN. Some speculate whether and when China might create and lead its own Asian regional institutions. The Shanghai Cooperation Organization is cited as an example, but the broadening of the East Asian Summit over Chinese objections to include Australia, New Zealand, India, and the US and Russia, demonstrates that Asia’s regional architecture will not be under hegemonic, but shared leadership.

Asia’s regional institutions provide the main avenue for shared, rather than hegemonic, leadership. They lack collective security/defense functions, which would require hegemonic leadership – single or collective (concert). Instead, they promote cooperative security. This has allowed ASEAN to stay in the driver’s seat of Asian institutions, and helped the engagement of China, Vietnam, and India in the region. In the 1990s, they helped to overcome Beijing’s initial suspicion of multilateralism as well as America’s initial leaning towards a containment strategy. Arguably, Asia’s regional institutions did a better job of dealing with China than Europe’s in dealing with Russia. NATO expansion and its exclusion of Russia undermined Europe’s cooperative security doctrine promoted by the OSCE. In contrast, Asia’s institutions followed the norm of “security with” in spirit, if not in its legalistic form, by offering full membership to China. ASEAN’s strategy continues to engage all the great powers with a view to checkmatting dominance by a single power. This motive led ASEAN to invite Australia, India, Russia, and the United States into the East Asia Summit (EAS), despite it being East Asian in geographic scope.

Some wonder if ASEAN might lose its unity and ability to lead, not the least due to China’s assertiveness and its “divide and rule” strategy. If this happens, and if ASEAN and related institutions are marginalized and replaced by an Asian concert of powers, a Sino-US G-2, or an Asian NATO, the prospects for an Asian CSO would be seriously damaged. So far, these ideas have found little support in the region. ASEAN offers value for China’s effort to legitimize its “peaceful rise” concept, and ASEAN’s continued leadership survives by default because no great power – the US, China, Japan, or India—is in a position to develop a multilateral security institution under its own imprint either due to historical baggage or due to the level of mistrust among them.

Elite Restraint

As discussed, all the great powers recognize the “centrality” of ASEAN in the regional security architecture, a sign of restraint or even respect towards a coalition of weaker actors, but uncertainty surrounds Chinese restraint. After a period of “charm offensive” in the 1990s and early 2000s and growing engagement with ASEAN-led regional bodies to demonstrate its “peaceful rise,” China has become more assertive especially in the South China Sea dispute. China’s role in the East China Sea island dispute (over Senkaku/Diaoyu) with Japan has also raised concern regarding Chinese intentions, although in this case, nationalist sentiments can be found on both sides.

Yet, in the South China Sea issue, which presents a critical test of Chinese restraint because of China’s huge military superiority over the main ASEAN claimants, China has not invaded any island by force since 1974, but has instead only occupied islands that were previously unoccupied. China also relented in its initial refusal to discuss this dispute multilaterally with ASEAN (which includes non-claimant states) or at the ASEAN Regional Forum, which includes non-regional states including the US. It has not closed the door to negotiations. After renewed tensions with the Philippines and ASEAN in 2012, Beijing “backed off” from its hardline stance and diplomatically reassured Vietnam, the Philippines, and ASEAN, of peaceful resolution. In Northeast Asia, China has worked to restrain North Korea’s nuclear ambitions and moved some distance away from the use of force in dealing with Taiwan. Interestingly, Chinese restraint stems not from altruism, but from strategic calculations and normative pressure.10 Strategically, Chinese leaders realize that assertiveness would push the ASEAN countries closer to the US (a balancing factor). China’s engagement with ASEAN since the mid-1990s has been a source of normative and diplomatic pressure; China has engaged these institutions to sell its peaceful rise policy and to deny other powers, such as Japan and the US, the opportunity to take over the show.

Simple regional military power projection by China, even if it extends to the South China Sea, will not suffice for it to emerge as a hegemon. One major example of how the combination of economic interdependence and the global military balance of power favoring the US might constrain Chinese expansionism in the South China Sea is useful here. As mentioned earlier, some 60 percent of China’s gross domestic product now depends on foreign trade. Imported oil accounts for 50 percent of its oil needs. Further, China’s

10 A recent review of discussions and statements by Chinese scholars and policy makers on Asian security shows that, “While the Chinese are to some extent sceptical of the US staying power in the region, against the backdrop of the new US ‘rebalancing’ to Asia-Pacific, a close reading of Chinese discourse show that more Chinese analysts believe that China should still restrain from directly challenging US in the region. In fact, Chinese official statements have only shown restraints so far, despite being pressured from hypernationalistic noises at home.” Memo on “Chinese Strategic Discourse and Debate,” prepared by Chinese analysts for the author, 15 September 2012. David C. Gompert and Phillip C. Saunders argue that the Chinese military’s growing reliance on space and cyberspace capabilities creates vulnerabilities against US capabilities in these areas that may induce both sides to seek greater strategic restraint in potential conflict situations. See The Paradox of Power: Sino-American Strategic Restraint in an Age of Vulnerability (Washington, DC: National Defence University Press, 2011), 45.
The economy operates within a much more interdependent global economic order than was the case for the US in the nineteenth century. China’s commerce, and hence prosperity, depends heavily on access to sea lanes through the Indian Ocean, the Malacca Strait, and other areas over which it has little control, and which are dominated by US naval power. India, too, has significant naval power in the Indian Ocean. Thus, if push comes to shove, an aggressive Chinese denial of South China Sea trade routes to world powers, and the resulting possible disruption of maritime traffic, would be immensely self-injurious to China. It would provoke countermeasures that will put in peril China’s own access to the critical sea-lanes in the Indian Ocean and elsewhere. Chinese leaders are not oblivious to this fact. The truth is that they may not have the option of pursuing an aggressive posture. The costs would simply be too high.

CONCLUSION

The message of this essay is clear-cut. Asia’s paradigm shift is shaping its power shift. Analysts of Asian security, instead of focusing on how the rise of China is reshaping Asia’s future, might find it more useful to look at the opposite: how regional trends are affecting China’s rise and reshaping US-China relations.

In Asia today, multiple mechanisms of stability exist: economic interdependence raises the stakes of mutual survival and well-being; US-centered alliances preserve the balance of power; and cooperative institutions develop a habit of dialogue and thereby moderate extreme, unilateral behavior. None of these is sufficient in itself to guarantee order, but together they create the conditions for stability.

Under the CSO, state sovereignty and national interest remain important, and minor conflicts do not disappear, but leaders show a willingness to act cooperatively to stabilize the system when it is faced with major threats. Cooperation flows partly from a realization that the price of non-cooperation would be too high under existing conditions of high security and economic interdependence. Alliances continue to be relevant, but regional cooperative bodies are essential to prevent any reckless self-aggrandizing behavior by major powers. Despite the claims of pessimists, in Asia, one finds today a willingness among regional leaders to act cooperatively to stabilize the region in the face of sudden threats (as evident in the cases of SARS, the Bali terrorist bombings, and the economic crises of 1997 and 2008). Further, China actively supports and sustains Asian interdependence and institutions, while America’s alliances (and security ties with India) offer a hedge against any future uncertainty in Chinese behavior without being instruments for containment. Hence, while growing economic links, institutions, and political pluralism do not render war unthinkable or rule out small-scale regional conflicts, they make it doubtful that Asia’s twenty-first century security order is heading inexorably towards a fatal breakdown of the kind that produced Europe’s catastrophic twentieth century conflicts.

Nevertheless, two common factors behind wars in all ages are nationalism and miscalculation. Nationalism is rising not only in China, but also among its neighbors, including Japan, Vietnam (for example, anti-foreigner riots were triggered by the deployment of a Chinese oil rig in waters claimed by Vietnam), and the Philippines.

Equally important is the risk of miscalculations shaping the grand strategies of the US and China. Viewing the US as a declining power, China might see it as lacking the economic wherewithal and political will to resist Chinese military action. The Chinese may think that the US might acquiesce with a South China Sea or East China Sea fait accompli rather than risk war with a nuclear power. The Obama administration’s selective force doctrine might fuel that miscalculation. At the same time, however, China might find the East China Sea dispute viewed in a different light, where the US stakes and the tone of its deterrent policy could appear much stronger and clearer. China may also overestimate its soft power and international diplomatic clout and underestimate the depth of regional resistance to its encroachments in the South China Sea. The US might miscalculate the capacity of the US-led liberal order to co-opt rising powers like China, which have benefitted much from that order.

To compound matters, accidents happen. In the absence of agreements and mechanisms to manage risk and contain incidents before they escalate into an outright confrontation, a war in East Asia cannot be ruled out. If Asia is to banish the ghosts of Europe now haunting its stability and prosperity, it needs to develop principles and mechanisms for confidence-building, transparency, and conflict management, including the long-delayed South China Sea Code of Conduct.